

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0436-01
Bill No.: SB 122
Subject: Insurance - Medical; Health Dept.; Health Care
Type: Original
Date: January 30, 2007

Bill Summary: Establishes the Missouri Universal Health Assurance Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(\$58,298)	(\$62,136)	(Unknown exceeding \$47,999)
Total Estimated Net Effect on General Revenue Fund	(\$58,298)	(\$62,136)	(Unknown exceeding \$47,999)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2008	FY 2009	FY 2010
Insurance Dedicated	\$0	\$0	Unknown
County Foreign/County Stock	\$0	\$0	\$0
Professional and Practical Nursing Student Loan Program	\$0	\$0	\$0
PRIMO	\$0	\$0	\$0
Missouri Health Care Trust	(\$46,250)	(\$57,165)	(Unknown exceeding \$10,533,516,189)
Health Professional and Training	\$0	\$0	\$880,375
All Other State	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(\$46,250)	(\$57,165)	(Unknown exceeding \$10,532,635,814)

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 22 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010

Federal	\$0	\$0	(Unknown less than \$25,032,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	(Unknown less than \$25,032,000)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	1	1	0.75
Missouri Health Care Trust	0	0	0.25
Total Estimated Net Effect on FTE	1	1	1

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration (COA) - Administrative Hearing Commission, COA - Division of Information Technology Services, Office of State Courts Administrator, Department of Economic Development, Department of Revenue, Missouri Senate, Office of the Governor, Office of State Treasurer, University of Central Missouri, Lincoln University, and Linn State Technical College** assume the proposal will have no fiscal impact on their organizations.

Officials from the **COA - Division of Budget and Planning (BAP)** state the proposal creates six regional health planning and policy development district advisory councils with eleven (11) members from each district appointed by the Governor. It also establishes a twenty-five (25) member board of Governors with sixteen members appointed by the Governor.

The COA-BAP has reviewed the proposed legislation and determined it should not result in additional costs or savings to their department.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than \$2,500. The SOS does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Department of Public Safety (DPS) - Director's Office** defer to the Missouri Consolidated Health Care Plan for the potential fiscal impact of this proposal on their organization.

Officials from the **DPS - Missouri State Highway Patrol (MHP)** state the fiscal impact of this proposal is unknown because specific funding amounts are not provided in the legislation. This causes the DPS-MHP to be unable to determine the cost and assume that the amounts currently paid will continue.

Officials from the **Department of Higher Education (DHE)** state the fiscal impact of this legislation on the DHE and higher education institutions is unknown. However, health coverage ASSUMPTION (continued)

for DHE employees is provided by the state. Thus, it is assumed there would be no unique fiscal

impact on the DHE aside from all of state government.

Officials from **Missouri State University (MSU)** state enactment of this legislation might result in savings to MSU if the university determined that its current self-insured employee group health insurance plan was no longer necessary because the level and types of benefits provided under the proposed Missouri Universal Health Assurance Program were comparable (or better than) to the benefits provided under the university's self-insured employee group health insurance program.

Officials from **Truman State University** stated they were unable to determine a fiscal impact for the proposal.

Officials from the **University of Missouri** stated, absent more specific financial information regarding funding of the bill, they are unable to provide an estimate of the fiscal impact of this proposed legislation on the University of Missouri.

Officials from the **Missouri Department of Conservation (MDC)** state the legislation indicates that "insurers, employers, and other plans may offer benefits that do not duplicate services that are offered by the Missouri Universal Health Assurance Program" and appears to allow the Conservation Employees' Insurance Trust Fund to remain intact. Therefore, this proposed legislation would not appear to have any fiscal impact on MDC funds.

However, if MDC is forced to insure employees under the Missouri Universal Health Assurance Program, the amount of the impact would be unknown. If premiums are kept similar to current Missouri Consolidated Health Care Plan rates, the fiscal impact would be greater than \$4 million annually.

Officials from the **Missouri Department of Transportation (DOT)** state the legislation establishes the Missouri Universal Assurance Program which has the purpose of providing a single, publicly financed statewide insurance program for all residents of the state. Insurers, employers, and other plans may offer benefits that do not duplicate coverage offered by the program. Although the legislation does not define the terms "insurer", "employer" and "other plans", the DOT assumes the legislation would apply to the DOT and Missouri State Highway Patrol (MHP) Medical and Life Insurance Plans. This would mean that the Medical Plan could not offer coverage for items covered under the Universal Assurance Program. It is unclear whether the Medical Plan would continue under this scenario. If the Medical Plan were eliminated, approximately 50% of the staff administering the Medical and Life Insurance plans could be eliminated. This would result in a cost savings to the department of approximately \$268,289 per year.

ASSUMPTION (continued)

The legislation states the Universal Assurance Program will be funded by a combination of

federal payments received as a result of any waiver of requirements granted by the U. S. Secretary of Health and Human Services under health care programs established pursuant to Title XVIII and Title XIX of the Social Security Act, all moneys collected pursuant to sections 354.798 and 354.804, and all moneys appropriated by the general assembly to the program. Although the proposed legislation references sections 354.798 and 354.804 as a source of funding, these sections are not included in the proposal and do not exist in current law. Therefore, the DOT is assuming that the program will be funded by the federal payments and any money appropriated by the general assembly.

During FY 06, DOT's share expended for DOT employees health plans (DOT & Missouri Consolidated Health Care Plan) was \$37 million. This expenditure cannot be assumed as a cost savings to the department since DOT should still have expenditures for health plans. It is likely that DOT would be asked to continue making a contribution to its employee and retiree health care costs. The amount DOT could be asked to contribute cannot be determined; it could be less than, equal to or greater than the amount it currently contributes depending upon the cost of the Universal Assurance plan and the availability of other sources of funding. Therefore, it is unknown whether the legislation would result in an overall cost or cost savings to DOT.

Officials from the **Office of Attorney General (AGO)** assume, based on previous practice, that it would serve as legal advisor to the new health insurance program. The proposal creates a Board with the power to adopt rules, conduct investigations by compelling the submission of information, documents and records, and the capacity to be sued. The AGO assumes it would need one (1) Assistant Attorney General I and associated expenses to assist the Board in the rule-making process, investigating matters and in disputes before the Administrative Hearing Commission and Circuit Court of Cole County. The AGO estimates FY 08 costs of \$58,298; FY 09 costs of \$70,402; and FY 10 costs of \$72,514.

Officials from the **COA - Division of Accounting** state the proposal indicates it is a publicly financed program to provide health care services to all residents of the state. The only offsets to a fully state-funded program are the Federal Title XVIII (Medicare) and Title XIX (Medicaid) monies received by the State. The total cost of all state residents' health care is unknown.

Officials from the **Department of Insurance, Financial and Professional Regulation (DIFP)** state the impact on existing insurance laws and regulations is assumed to be minimal. There would still be a need for medical expense insurance and HMO coverage in the employer market to accommodate employees of Missouri employers residing outside Missouri. The need for current insurance mechanisms would not be eliminated. In consideration of language in 354.750
ASSUMPTION (continued)

referring to a participating provider, some Missourians will seek coverage that affords them

access to the health care provider of their choice, whereas this program will limit access to only those providers that participate in the program. It is unclear whether 354.795, which allows insurers to offer plans that do not duplicate the coverage that is offered by the Missouri Universal Health Assurance Program, is intended to prevent any private plans that duplicate the coverages provided by the Missouri Universal Health Assurance Program.

Because of the universal coverage created by this legislation, it is assumed that the amount of individual or group medical expense and HMO coverage provided in this state will be significantly reduced (but not totally eliminated). Therefore, the proposal would cause a corresponding reduction in income tax revenue (General Revenue) as well as the number of insurers and HMOs that would issue this type of coverage in Missouri.

Revenue to the department generated by form filing fees would be reduced by an unknown amount due to the reduction in the number of insurers that will remain in the market and the corresponding decrease in the number of forms filed. The Managed Care Section in the department may no longer be necessary because of the provisions of this proposal. If this is the case, staff would either be reallocated to other areas within the department or eliminated.

Officials from the **Department of Mental Health (DMH)** state Section 354.770 requires that all Title XVIII (Medicare) and Title XIX (Medicaid) collections will be deposited into the Missouri Health Care Trust Fund (MHCTF). The DMH collected \$273,104,361 in federal funds from MC+, Medicaid, Uncompensated Care, and Medicare in FY 2006 and deposited them in the following funds:

General Revenue	\$176,426,877
Federal	\$ 96,596,936
General Revenue Reimbursements	\$ 80,548
TOTAL	\$273,104,361

The DMH assumes that Department of Social Services (DOS) requests and receives a waiver from the Centers for Medicare and Medicaid Services for deposit of federal funds into the MHCTF on or about April 1, 2008; the revenues for the final 3 months of FY 2008 would be deposited into the MHCTF in the amount of \$66,700,000. (FY 08 projected revenues of \$266,800,000 / 12 x 3). Based on average growth factors in each fund, the DMH estimates deposits into MHCTF would be \$267,600,000 for FY 2009 and \$268,400,000 for FY 2010.

ASSUMPTION (continued)

The DMH is assuming that all of the above DMH collections from Medicare, Medicaid, and

Uncompensated Care would be deposited into the Missouri Health Care Trust Fund. This does not represent a loss of funds to the state. The DMH assumes these funds would be used to provide covered services to persons through the Missouri Health Care Trust Fund instead of through the General Revenue (GR) and Federal appropriations.

If the DMH assumes that the Missouri Health Assurance program would choose DMH as a provider of services, the fiscal impact to the DMH would be dependent on the payments made to DMH under the new plan compared to current GR and Federal funding.

If the DMH assumes that the Missouri Health Assurance program would choose not to utilize DMH as a provider of services, there could be a loss of funding to DMH if DMH appropriations were reduced in proportion to the amount previously deposited by DMH to GR and Federal.

Depending on the assumption scenario, there could be an impact of reduced funding to DMH which cannot be determined at this time.

Officials from the **Department of Health and Senior Services (DOH)** state according to "A Universal Health Care Plan for Missouri" (Missouri Foundation for Health), the revenue requirements for a universal health care plan in Missouri would be in the billions of dollars.

The DOH assumes the Missouri Universal Health Assurance Program will be administered by a board and central agency independent of the DOH.

The DOH educational programs include the Professional and Practical Nursing Student Loan Program and the Primary Care Resource Initiative for Missouri (PRIMO). The Health professional education and training budgets in DOH include \$500,000 in the Professional and Practical Nursing Student Loan Program and \$3,021,500 (current appropriation) for the PRIMO program.

Oversight assumes the DOH will continue to be appropriated at least \$500,000 for the Professional and Practical Nursing Student Loan Program and \$3,021,500 for the PRIMO program. **Oversight** assumes these funds would be transferred to the Health Professional Education and Training Fund within the Missouri Universal Health Assurance Program.

Officials from the **Department of Social Services (DOS) - Division of Medical Services (DMS)** state the estimates of impact to the Division of Medical Services assumes that the population (Medicaid) would be the same, whether they were served by the new entity or contracted to DOS/DMS to administer.

ASSUMPTION (continued)

The language in section 354.792.2, stating that each institutional provider shall negotiate an

annual budget with the program could affect the per diem paid to hospitals and nursing homes.

Independent providers are to be reimbursed on a fee-for-service schedule using the federal Medicare reimbursement fees. Costs are expected to increase because current Medicaid reimbursement for non-institutional providers in many cases represents less than Medicare reimbursement fees.

While it is extremely difficult to define an accurate cost, several issues can be defined. For example, dental, physician and ambulance reimbursement is currently paid at less than Medicare rates and a fee increase would be needed to equal Medicare rates.

A dental program fee increase was derived for the FY06 budget request through calculating the difference between current reimbursement and the cost for these services at 100% of usual and customary charges (UCR) using American Dental Association fee schedule, this resulted in a difference of approximately \$62.5 million.

A physician program fee increase was derived for the FY06 budget request through calculating the difference between current reimbursement and the cost for these services at 100% Medicare rates. This resulted in a difference of approximately \$268.1 million.

Similarly, an ambulance fee increase was developed and requested in the FY 98 budget in which Medicaid rates were compared to Medicare rates. This resulted in a difference of approximately \$6 million.

The loss of the advantage of competitively bidding managed care contracts would result in an additional cost of over \$47.7 million (Five percent of current MC+ Managed Care payments).

While the DOS-DMS cannot arrive at an actual dollar increase to Medicaid, it believes there will definitely be an increase exceeding \$300,000,000 annually based on the defined issues above.

In order to implement these provisions, the Department of Social Services must apply for a waiver from the Centers for Medicare and Medicaid Services (CMS). Due to the time-frame required for this process, there will not be a fiscal impact in FY08 and FY09.

Section B states that the Missouri Universal Health Assurance Program shall be effective April 1 of the year following the notice to the revisor of statutes that necessary waivers have been obtained from the Secretary of the Department of Health and Human Services by the director of the Missouri Department of Social Services. Therefore, the fiscal impact in FY10 would be for three months.

ASSUMPTION (continued)

The DOS-DMS believes there will definitely be an increase exceeding \$75,000,000

HWC:LR:OD (12/02)

(\$300,000,000/12 months X 3 months) in FY10.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the legislation establishes the Missouri Universal Health Assurance Program. Since the HCP would only provide some ancillary benefits above those required by this legislation and therefore, would no longer have to provide most of its current benefits and consequently no longer be necessary, and assuming this program would be available to all Missourians, this proposal would result in the savings of HCP's state appropriations for FY 09 less those funds necessary to continue the designated ancillary benefits.

Due to many unknowns, such as global budgets, available funding, etc., the HCP cannot determine if these savings would offset the cost of the new program for its current members.

Also, the HCP currently provides coverage for approximately 3,000 members living outside of the state and therefore, would not be eligible for this program. The average claim cost for each member is \$365 per month. If the HCP were to continue to provide coverage for these members, any potential or similar agency, program savings would be less approximately \$13,140,000. There would also still be some administrative cost. This amount would be dependent upon the status of the organization still remaining to administer benefits to this group.

Oversight notes HCP's FY 08 budget totals \$360,579,587. The HCP is anticipating a 15% increase for FY 09, or a budget total of approximately \$414,666,525. Assuming a similar increase for FY 10, HCP's total budget may exceed \$476.8 million. **Oversight** assumes, if this proposal passes, there would be savings associated with the HCP's appropriations of less than \$476.8 million for FY 10 (estimated appropriations less unknown ancillary benefit costs, administration, etc.).

Oversight is using DOS's assumption of April 1, 2010 as the effective date for the changes associated with this proposal (allowing for the approval of waivers from the U.S. Secretary of Health and Human Services). As a result, all costs, savings, and transfers associated with state agencies for this proposal are reflected in FY 2010 and adjusted to 3 months (April 1 to June 30) when appropriate.

Oversight obtained information relating to average board meeting costs. **Oversight** assumes board meetings for the Board of Governors would last 2 days each. Based on 240 miles average round trip at 41.5 cents per mile (\$100), meal expense of \$50 (including an evening meal), \$75 in hotel expense (1 night), and express mailing costs of \$47.50, **Oversight** estimates \$272.50 in ASSUMPTION (continued)

expenses per board member per meeting. The Board of Governors is to be composed of 25

members and is to meet at least six (6) times per year. **Oversight** assumes Board of Governors meeting costs of \$46,250 for FY 08; \$57,165 for FY 09; and \$58,880 for FY 10.

Oversight obtained information from the U.S. Census Bureau. Missouri's 2006 projected population is 5,842,713 and the July 1, 2010 projected population is 5,922,078. The 2003 per capita health care spending was \$5,452 and the average annual increase in the rate of spending between 1998 and 2003 was 6.52%. Based on this information, **Oversight** assumes a Missouri population of approximately 5,900,000 for FY 10 and an average per person health care spending amount of \$8,484. **Oversight** projects that total health care spending for all Missouri residents could exceed \$50,055,600,000 for 2010 (5,900,000 X \$8,484).

Oversight assumptions do not reflect who would administer the Universal Health Assurance Program.

FISCAL IMPACT - State Government

FY 2008
(10 Mo.)

FY 2009

FY 2010

GENERAL REVENUE FUND

HWC:LR:OD (12/02)

Savings - Missouri Consolidated Health
 Care Plan

Appropriations	\$0	\$0	Unknown less than \$78,672,000
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Savings - Department of Mental Health

Appropriations	\$0	\$0	\$0 to Unknown
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Savings - Department of Social Services

Program costs	\$0	\$0	\$1,007,003,288
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Costs - Office of Attorney General

Personal service costs (1.0 FTE)	(\$27,896)	(\$34,479)	(\$26,635)
Fringe benefits	(\$12,626)	(\$15,605)	(\$12,055)
Equipment and expense	(\$17,776)	(\$12,052)	(\$9,309)
Total Cost - Office of Attorney General	(\$58,298)	(\$62,136)	(\$47,999)
FTE Change - AGO	1.0 FTE	1.0 FTE	0.75 FTE

Loss - Department of Insurance,
 Financial and Professional Regulation

Reduction in income tax paid by insurers and HMOs	\$0	\$0	(Unknown)
Reduction in premium taxes collected	\$0	\$0	(Unknown)

Transfer-Out to Missouri Health Care
 Trust Fund

Missouri Consolidated Health Care Plan Appropriations	\$0	\$0	(Unknown less than \$78,672,000)
Department of Mental Health Appropriations	\$0	\$0	(\$0 to Unknown)
Department of Social Services Program savings	\$0	\$0	(\$1,007,003,288)

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$58,298)</u>	<u>(\$62,136)</u>	<u>(Unknown exceeding \$47,999)</u>
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Estimated Net FTE Change for General Revenue Fund	1.0 FTE	1.0 FTE	0.75 FTE
<u>FISCAL IMPACT - State Government</u>	FY 2008	FY 2009	FY 2010
	(10 Mo.)		

INSURANCE DEDICATED FUND

Savings - Department of Insurance,
 Financial and Professional Regulation

Reduction in Managed Care Section staff and expenses	\$0	\$0	Unknown
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Loss - Department of Insurance,
 Financial and Professional Regulation

Reduction in form filing fees	\$0	\$0	(Unknown)
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**ESTIMATED NET EFFECT ON
 INSURANCE DEDICATED FUND**

	<u>\$0</u>	<u>\$0</u>	<u>Unknown</u>
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**COUNTY FOREIGN/COUNTY
 STOCK FUNDS**

Savings - Department of Insurance,
 Financial and Professional Regulation

Reduction in premium tax transferred to schools	\$0	\$0	Unknown
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Loss - Department of Insurance,
 Financial and Professional Regulation

Reduction in premium tax collected	\$0	\$0	(Unknown)
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**ESTIMATED NET EFFECT ON
 FOREIGN/COUNTY STOCK FUNDS**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - State Government

FY 2008
(10 Mo.)

FY 2009

FY 2010

**PROFESSIONAL AND PRACTICAL
 NURSING STUDENT LOAN
 PROGRAM FUND**

Savings - Department of Health and
 Senior Services

Nursing student loan program funds	\$0	\$0	\$125,000
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Transfer-Out to Health Professional
 Education and Training Fund

Nursing student loan program funds	<u>\$0</u>	<u>\$0</u>	<u>(\$125,000)</u>
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**ESTIMATED NET EFFECT ON
 PROFESSIONAL AND PRACTICAL
 NURSING STUDENT LOAN
 PROGRAM FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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**PRIMARY CARE RESOURCE
 INITIATIVE FOR MISSOURI FUND**

Savings - Department of Health and
 Senior Services

PRIMO program funds	\$0	\$0	\$755,375
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Transfer-Out to Health Professional
 Education and Training Fund

PRIMO program funds	<u>\$0</u>	<u>\$0</u>	<u>(\$755,375)</u>
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**ESTIMATED NET EFFECT ON
 PRIMARY CARE RESOURCE
 INITIATIVE FOR MISSOURI FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - State Government

FY 2008
 (10 Mo.)

FY 2009

FY 2010

**MISSOURI HEALTH CARE TRUST
 FUND**

Transfer-In from General Revenue

Missouri Consolidated Health Care Plan Appropriations	\$0	\$0	Unknown less than \$78,672,000
Department of Mental Health Appropriations	\$0	\$0	\$0 to Unknown
Department of Social Services Program savings	\$0	\$0	\$1,007,003,288
Total <u>Transfer-In</u> from General Revenue	<u>\$0</u>	<u>\$0</u>	<u>Unknown more than \$1,007,003,288</u>

Transfer-In from Other State Funds

Missouri Consolidated Health Care Plan Appropriations	\$0	\$0	Unknown less than \$15,496,000
Department of Social Services program cost savings	\$0	\$0	\$312,121,165
Total <u>Transfer-In</u> from Other State Funds	<u>\$0</u>	<u>\$0</u>	<u>Unknown more than \$312,121,165</u>

Transfer-In from Federal Funds

Missouri Consolidated Health Care Plan Appropriations	\$0	\$0	Unknown less than \$25,032,000
Department of Social Services federal reimbursement funds	\$0	\$0	\$689,519,239
Total <u>Transfer-In</u> from Federal Funds	<u>\$0</u>	<u>\$0</u>	<u>Unknown more than \$689,519,239</u>

Transfer-In from Local Governments

Local Government health care savings	\$0	\$0	Unknown
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FISCAL IMPACT - State Government

FY 2008
(10 Mo.)

FY 2009

FY 2010

**MISSOURI HEALTH CARE TRUST
 FUND (continued)**

Costs - Missouri Board of Governors

Board meeting costs (25 members)	(\$46,250)	(\$57,165)	(\$58,880)
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Costs - Office of Attorney General

Personal service costs (1.0 FTE)	\$0	\$0	(\$8,879)
Fringe benefits	\$0	\$0	(\$4,019)
Equipment and expense	<u>\$0</u>	<u>\$0</u>	<u>(\$3,103)</u>
Total Cost - Office of Attorney General	<u>\$0</u>	<u>\$0</u>	<u>(\$16,001)</u>
FTE Change - AGO	0.0 FTE	0.0 FTE	0.25 FTE

Costs - Department of Social Services

Increase in program reimbursements	\$0	\$0	(Unknown exceeding \$28,185,000)
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Costs - Missouri Health Care Trust Fund

Universal healthcare program costs	<u>\$0</u>	<u>\$0</u>	<u>(Could exceed \$12,513,900,000)</u>
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**ESTIMATED NET EFFECT ON
 MISSOURI HEALTH CARE TRUST
 FUND**

<u>(\$46,250)</u>	<u>(\$57,165)</u>	<u>(Unknown exceeding \$10,533,516,189)</u>
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FISCAL IMPACT - State Government

FY 2008
(10 Mo.)

FY 2009

FY 2010

**HEALTH PROFESSIONAL
 EDUCATION AND TRAINING
 FUND**

Transfer-In from Professional and
 Practical Nursing Student Loan Program
 Fund

Nursing student loan program funds	\$0	\$0	\$125,000
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Transfer-In from Primary Care Resource
 Initiative for Missouri Fund

PRIMO program funds	\$0	\$0	\$755,375
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**ESTIMATED NET EFFECT ON
 HEALTH PROFESSIONAL
 EDUCATION AND TRAINING
 FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$880,375</u>
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ALL OTHER STATE FUNDS

Savings - Missouri Consolidated Health
 Care Plan

Appropriations	\$0	\$0	Unknown less than \$15,496,000
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Savings - Department of Social Services

Program costs	\$0	\$0	\$312,121,165
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Transfer-Out to Missouri Health Care
 Trust Fund

Missouri Consolidated Health Care Plan Appropriations	\$0	\$0	(Unknown less than \$15,496,000)
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Department of Social Services program cost savings	<u>\$0</u>	<u>\$0</u>	<u>(\$312,121,165)</u>
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**ESTIMATED NET EFFECT ON
 OTHER STATE FUNDS**

FISCAL IMPACT - State Government

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	FY 2008	FY 2009	FY 2010
	(10 Mo.)		

FEDERAL FUNDS

Savings - Department of Social Services

Program costs	\$0	\$0	\$689,519,239
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Income - Department of Social Services

Increase in program reimbursements	\$0	\$0	Unknown exceeding \$46,815,000
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Costs - Department of Social Services

Increase in program payments	\$0	\$0	(Unknown exceeding \$46,815,000)
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Transfer-Out to Missouri Health Care Trust Fund

Missouri Consolidated Health Care Plan Appropriations	\$0	\$0	(Unknown less than \$25,032,000)
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Department of Social Services program cost savings	<u>\$0</u>	<u>\$0</u>	<u>(\$689,519,239)</u>
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Total <u>Transfer-Out</u> to Missouri Health Care Trust Fund	<u>\$0</u>	<u>\$0</u>	<u>(Unknown less than \$25,032,000)</u>
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ESTIMATED NET EFFECT ON FEDERAL FUNDS

<u>\$0</u>	<u>\$0</u>	<u>(Unknown less than \$25,032,000)</u>
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FISCAL IMPACT - Local Government

FY 2008
(10 Mo.)

FY 2009

FY 2010

ALL LOCAL GOVERNMENTS

HWC:LR:OD (12/02)

Savings - All Local Governments

Health care premium savings	\$0	\$0	Unknown
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Transfer-Out to Missouri Health Care Trust Fund

Health care premium savings	\$0	\$0	(Unknown)
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Loss - Schools

Reduction in distributions of premium taxes	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON ALL LOCAL GOVERNMENTS

<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
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FISCAL IMPACT - Small Business

This proposal will impact small businesses that currently provide health care benefits for their employees.

FISCAL DESCRIPTION

This proposal establishes the Missouri Universal Health Assurance Program. The program is a publicly financed, statewide program that will provide comprehensive health care services for Missouri residents. The Director of the Department of Health and Senior Services is required to divide the population of the state into six regional health planning and policy development districts. An advisory council of 11 members will be established for each district. The advisory councils will assist the board of governors of the program in creating an annual comprehensive state health care plan as well as developing a transportation plan for indigent, elderly, and disabled clients.

The program will be administered by a 25-member board of governors and the directors of the departments of Social Services, Health and Senior Services, and Mental Health will be ex-officio members. The board will be responsible for monitoring expenditures, adopting rules, employing staff, and studying methods for incorporating institutional and long-term care benefits into the program. The board is also required to submit an annual report to the Speaker of the House of Representatives, the President Pro Tem of the Senate, and the Governor with recommendations for changes in health care laws. Prior to the implementation of the comprehensive plan, the board is

FISCAL DESCRIPTION (continued)

required to appoint an advisory subcommittees of health care researchers and ethics experts and conduct public hearings. The comprehensive plan is required to seek and secure the delivery of the most cost-effective health care services.

The proposal also establishes the Missouri Health Care Trust Fund which will be used to finance the program. Certain health care services are excluded from coverage. The program is required to pay the expenses of institutional providers of health care, and each provider is required to negotiate an annual budget with the program which will cover anticipated expenses. The program will reimburse independent providers of health care on a fee-for-service basis. Other insurers and employers may offer benefits that do not duplicate those offered by the program.

No later than 30 days after the effective date of the act, the Department of Social Services is required to apply to the United States Secretary of Health and Human Services for all health care program waivers that would enable the state to deposit federal funds into the Missouri Health Care Trust Fund. The department is also required to identify other federal funding sources.

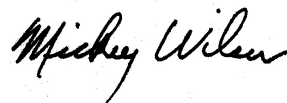
Specific sections of the proposal will become effective April 1 of the year following the award of a waiver by the United States Department of Health and Human Services. Notice of the receipt of the waiver must be given to the Revisor of Statutes.

This proposal has a six-year sunset provision.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General
Department of Higher Education
Office of Administration -
 Division of Accounting
 Administrative Hearing Commission
 Division of Budget and Planning
 Division of Information Technology Services
Office of State Courts Administrator
Department of Economic Development
Missouri Department of Transportation
Department of Insurance, Financial and Professional Regulation
Department of Mental Health
Department of Health and Senior Services
Department of Revenue
Department of Social Services
Department of Public Safety -
 Director's Office
 Missouri State Highway Patrol
Office of the Governor
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Senate
Office of Secretary of State
Office of State Treasurer
University of Missouri
Missouri State University
University of Central Missouri
Truman State University
Linn State Technical College
Lincoln University



Mickey Wilson, CPA
Director

L.R. No. 0436-01
Bill No. SB 122
Page 22 of 22
January 30, 2007

January 30, 2007